

Macroeconomic Review of Latvia

Published: 28.09.2020.



Macroeconomic Review of Latvia

#74 | 2020-1

The regular Macroeconomic Review prepared by the specialists from the Ministry of Economics is now available for your evaluation. Such Reviews were published traditionally quarterly since 1999. The present Review, just like the previous ones, provides an assessment of the country's economic situation and policy, as well as gives perspectives of the development of economy.

 [Full text...](#) 

Until 2019, Latvia's economic growth remained stable, exceeding the EU average. From 2011-2019, GDP on average increased by 3.3% annually.

In 2019, economic growth moderated. GDP increased by 2.2%. The slight economic slowdown was driven by both internal factors (investments from EU funds have peaked, developments in the financial sector, etc.) and external factors (review of global trade tensions, Brexit, slower growth in other EU countries).

In 2020, Latvia's economic prospects are highly uncertain. The COVID-19 epidemic has a very significant impact on the global and Latvian economy, but the magnitude of the impact is unclear. As late as the end of February 2020, various international organizations predicted a V-type scenario as the baseline scenario (i.e. a sharp but short-term downturn followed by a rapid

recovery). At present, however, a U-type scenario looks more plausible, which would imply that the downturn phase will last longer, at least six months, but an even longer downturn caused by COVID 19 cannot be ruled out. According to the Ministry of Economics, the total impact of the COVID-19 epidemic on GDP could be between 4 and 8 percentage points, compared to the forecast at the beginning of 2020. Thus, GDP in 2020 could decline by as much as 6%, compared to 2019. However, if the effect of the virus in the world will be longer than half a year, then the negative impact on the Latvian economy will be even greater and the economy risks falling into an even deeper recession.

Previous reports and other publications on economic development can be found [here ...](#)

<https://www.em.gov.lv/en/macroeconomic-review-latvia>